



Michigan House Financial Liabilities Reform Committee
RE: Testimony on Michigan House Bill 6475
Submitted by: Pete Constant, CEO, Retirement Security Initiative

11/08/2018

Chairman Albert and members of the Committee, thank you for the opportunity to submit testimony on House Bill 6475. My name is Pete Constant and I am the Chief Executive Officer of Retirement Security Initiative, a 501(c)(4) nonprofit organization focused on protecting and ensuring the fairness and sustainability of public sector retirement plans.

The State of Michigan has been a clear leader in its efforts to ensure that their retirement plans are sustainable, fiscally sound and responsibly managed so that all retirees and employees get paid what they have earned while continuing to provide essential services that protect the safety, health, welfare and quality of life for all Michiganders.

This legislation modernizes legislation to reflect changes enacted to pension benefits through collective bargaining agreements and ensures that when state troopers promote through the ranks, they maintain the same retirement benefit throughout their career, instead of reverting them to the troubled legacy plan.

This legislation makes much needed changes to the funding policy to ensure that debt amortization payments are more accurately calculated, eliminates a backloaded funding approach – and its inherent future budgetary pressures – and aligns the amortization schedule with the other state retirement plans' schedules.

Additionally, the proposed legislation would extend transparency reporting enacted as part of the MPSERS reform of 2017 to the state troopers' plan. This will provide employees, retirees, policymakers, and taxpayers with the information they need to understand the solvency of the state's pension plans and the impacts of financial markets, actuarial assumptions, and future risks to retirement security and the fiscal solvency of the plan.

I am proud of the progress my home state of Michigan has made to ensure public employees are on a path to a secure retirement and that the cost to provide these benefits are sustainable and predictable.

I urge committee members to support House Bill 6475.

A handwritten signature in black ink, appearing to read "Pete Constant", is written over a horizontal line.

Pete Constant, CEO

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